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ABSTRACT

Differences in the revenue that public school districts receive have led to legal challenges of the equity of school finance in many states. Achieving equity in the allocation of resources for education requires consideration of factors such as the cost of living and the educational needs of children in addition to the wealth of the school district. This document addresses the effect of differences in public school-district funding on measures of resource inequality. Data from the National Center for Education Statistics show that the wealthiest districts in terms of household income have more revenue per student than the poorest districts. The disparity is reduced from about 36 percent to about 16 percent when cost of living is adjusted. School districts with fewer than 5 percent of children living in poverty have more revenue per student than those with more than 25 percent. Cost-of-living adjustments reduce the difference from 27 percent to 20 percent. Low-poverty districts receive much less of their revenue from state and federal sources than do high-poverty districts (35 versus 73 percent). Finally, districts with fewer than 3 percent of students receiving special-education services received 7 percent less revenue per student before adjusting for cost of living, but 4 percent more after adjusting, than districts with 10 percent or more special-education students. One table and one figure are included. (LMI)

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**INDICATOR
OF THE MONTH**

NATIONAL CENTER FOR EDUCATION STATISTICS

September 1995

**Public school district
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September 1995

Public school district funding differences

Differences in the revenue public school districts receive have led to legal challenges of the equity of school finance in many states. Achieving equity in the allocation of resources for education requires consideration of factors such as the cost-of-living and the educational needs of children in addition to the wealth of the school district. Districts in high cost-of-living regions may have to raise more revenue to provide their employees with compensation comparable to those in low cost regions. Districts with high percentages of disabled, limited-English-proficient, and poor children may have to raise more revenue to provide education comparable to those in districts with lower percentages of these children. This indicator addresses only the effect of the first factor on measures of resource inequality.

- ◆ The wealthiest districts in terms of household income have more revenue per student than the poorest districts. However, the difference is reduced from about 36 percent to about 16 percent when adjustment is made for cost-of-living.
- ◆ School districts with less than 5 percent of children living in poverty have more revenue per student than those with more than 25 percent. However, the difference is reduced from 27 percent to 20 percent when adjustment is made for cost-of-living. The low poverty districts receive much less of their revenue from state and federal sources than do high poverty districts (35 versus 73 percent).
- ◆ Districts with less than 3 percent of students receiving special education services received 7 percent less revenue per student before adjusting for cost of living but 4 percent more after adjusting, than districts with 10 percent or more special education students.

Total revenue per student in actual dollars and dollars adjusted for cost-of-living, and revenue shares from local, state, and federal sources, by district characteristics: 1989-90

District characteristics	Percentage of enrollment	Unadjusted		Adjusted for cost of living		Revenue share		
		Dollars	Percentage difference*	Dollars	Percentage difference*	Percent local	Percent state	Percent federal
Median household income								
Less than \$20,000	10.1	\$4,297	0	\$4,411	0	28.2	60.1	11.7
\$20,000-24,999	21.3	4,622	8	4,638	5	38.7	53.7	7.6
\$25,000-29,999	25.4	5,107	19	4,839	10	44.0	49.6	6.4
\$30,000-34,999	15.9	5,015	17	4,677	6	44.1	50.9	4.9
\$35,000 or more	27.2	5,862	36	5,137	16	56.3	40.9	2.8
Percentage of students receiving special education services								
10.0 or more	9.3	5,389	0	4,691	0	46.0	47.7	6.3
3.0 to 9.9	69.0	4,914	-9	4,835	3	42.3	51.6	6.0
Less than 3.0	21.6	5,003	-7	4,878	4	47.4	47.4	5.1
Percentage of children with limited English proficiency								
5.0 or more	21.6	5,433	0	4,691	0	38.0	54.3	7.7
0.1 to 4.9	69.0	5,038	-7	4,835	3	46.6	47.9	5.5
0.0	9.3	4,913	-10	4,878	4	45.2	49.0	5.8
Percentage of school-age children in poverty								
25.0 or more	26.4	5,064	0	4,702	0	27.1	60.1	12.8
15.0 to 24.9	26.3	4,681	-8	4,592	-2	37.8	53.9	8.3
5.0 to 14.9	36.0	5,048	0	4,788	2	44.9	50.3	4.8
Less than 5.0	11.3	6,432	27	5,624	20	64.7	33.2	2.1

*Percentage difference from the first category for each district characteristic.

NOTE: See supplemental note to this indicator for further discussion of issues in the measurement of educational resource disparity and the supplemental table for revenue per student adjusted for both cost-of-living and the educational needs of children. Details of percentage of enrollment and revenue shares may not add to 100 due to rounding.

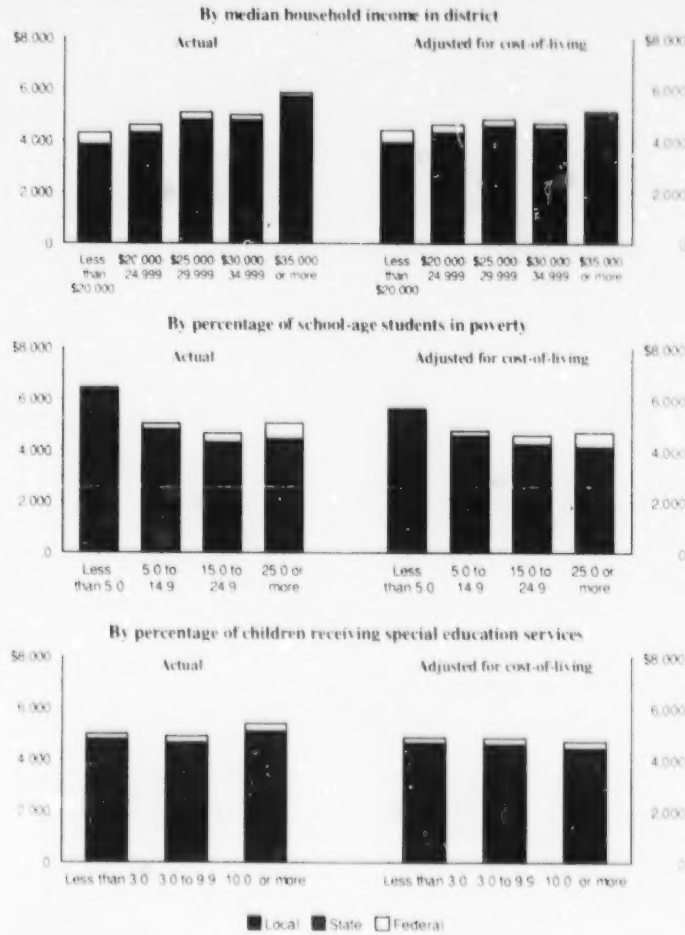
SOURCE: U.S. Department of Education, National Center for Education Statistics, *Disparities in Public School District Spending 1989-90*, tables A1.1, A1.2, A2.1, and A2.2.

U.S. Department of Education

Office of Educational Research and Improvement

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Total revenue per student in actual dollars and dollars adjusted for cost-of-living, by source of revenue and selected school district characteristics: 1989-90



SOURCE: U.S. Department of Education, National Center for Education Statistics, *Disparities in Public School District Spending, 1989-90*, tables A1.1, A1.2, A2.1, and A2.2.

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